

Message Text

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ACTION SS-15

INFO OCT-01 AF-06 ARA-06 EUR-12 NEA-10 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 STR-04

TRSE-00 IO-10 /124 W

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R 051330Z SEP 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1047

INFO AMEMBASSY ALGIERS

AMEMBASSY BRASILLIA

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KINSHASA

OECD IZIRIS 1411

AMEMBASSY TEHRAN

EC BRUSSELS 0407

C O N F I D E N T I A L NEW DELHI 12042

E.O. 11652: GDS

TAGS: ENRG, IN

SUBJECT: PRODUCER/CONSUMER CONFERENCE

REF: STATE 196703

1. DURING CALL ON OTHER SUBJECTS SEPTEMBER 3, DCM ASKED MEA SECRETARY SANYAL -- WHO REPRESENTED INDIA AT GENEVA MEETING OF GROUP OF SEVEN -- WHETHER GOI HAD DEVELOPED A POSITION ON FRENCH AIDE-MEMOIRE CONCERNING RECONVENING OF PREP CON. AFTER DESCRIBING RESULTS OF THE GROUP OF SEVEN MEETING, SANYAL CONCLUDED THAT THE FRENCH PROPOSAL WAS "MORE OR LESS THE SAME" AND WAS SATISFACTORY TO INDIA.

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2. SANYAL'S DESCRIPTION OF THE GROUP OF SEVEN MEETING WAS

LARGELY CONSISTENT WITH REPORTS FROM OTHER EMBASSIES FOR WHICH WE HAVE BEEN INFO ADDRESSEE. CERTAIN POINTS, HOWEVER, MAY BE OF PARTICULAR INTEREST TO THE DEPARTMENT, AS WELL AS COMMENTS SANYAL MADE CONCERNING THE DYNAMICS OF THE MEETING AND ISSUES FOR U.S. CONSIDERATION.

3. MINISTERIAL LEVEL MEETINGS: SANYAL SAID THE PREP CON MEETING IN MID-OCT SHOULD BE FOLLOWED BY A MINISTERIAL MEETING BY THE END OF NOV OR DEC. THE MINISTERS SHOULD RECONVENE ABOUT SIX MONTHS LATER TO CONSIDER THE RESULTS OF THE COMMISSION'S WORK. HE COMMENTED THAT "TWELVE MONTHS WAS TOO LONG" A DELAY FOR THIS SECOND MEETING.

4. FOUR COMMISSIONS: ACCORDING TO SANYAL THE COMMISSIONS, INCLUDING THE FOURTH COMMISSION ON MONETARY AFFAIRS, SHOULD BE CO-EQUAL, EACH COMPOSED OF 15 MEMBERS. WHILE THE FOURTH COMMISSION WOULD DRAW ITS SUBJECT MATTER FROM THE OTHER THREE, IT WOULD NOT BE A COORDINATING BODY. "I DON'T THINK YOU CAN HAVE A SUPER SUB-COMMISSION." HE DESCRIBED THE WORK OF THE CHAIRMAN OF THE CONFERENCE AND THE EIGHT CO-CHAIRMEN OF THE COMMISSIONS AS THAT OF A "MONITORING GROUP."

5. SANYAL STRESSED THAT THE OPEC MEMBERS CONSIDERED THE LINKAGE BETWEEN THE WORK OF THE FOUR COMMISSIONS AS VERY IMPORTANT. THEY DID NOT WANT ANY DECISIONS TAKEN BY ANY ONE COMMISSION WITHOUT PROGRESS IN THE OTHERS. THE MECHANISM FOR ASSURING THIS WAS THE RECONVENING OF THE MINISTERIAL LEVEL CONFERENCE TO IMPLEMENT ANY CONCLUSIONS REACHED IN THE COMMISSIONS.

6. OBSERVERS: NO DECISION WAS TAKEN BY THE GROUP OF SEVEN ON THE ISSUE OF OBSERVER STATUS FOR THE IEA. INDIA WAS INCLINED TO BELIEVE THAT THE ATTENDANCE OF AN IEA REPRESENTATIVE UNDER AN OECD LABEL WAS THE BEST ANSWER. SANYAL SAID THAT THE UNITED STATES SHOULD UNDERSTAND THAT THE DECISION ON THIS SCORE DEPENDED SOLELY ON THE POSITION OF SAUDI ARABIA AND IRANV THEIR VIEWS WOULD DETERMINE THEIR POSITION ON THE GROUP OF SEVEN. HE BELIEVED THEY WOULD NOT OBJECT TO THE OECD APPROACH BUT IMPLIED THEY WOULD GO NO FARTHER. HE WAS SURE VENEZUELA ACCEPTED THE OECD WAY OF HANDLING THE PROBLEM. IN ANY EVENT, CONFIDENTIAL

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HE ADDED, THE IEA WOULD NOT BE IN ALL THE COMMISSIONS. HE SAID ONE ALTERNATIVE WHICH HAD BEEN DISCUSSED WAS THAT NO OBSERVER WOULD BE INVITED TO THE CONFERENCE AND EACH COMMISSION WOULD BE FREE TO INVITE WHOM IT CARED TO.

7. ORGANIZATIONAL ISSUES: THE GROUP HAD NOT DECIDED ON WHETHER THE PREP CON SHOULD MEET IN PARIS OR GENEVA. ACCORDING TO SANYAL, PARIS WAS ACCEPTABLE TO MOST. WITH REGARD TO THE

CHAIRMAN, AGAIN NO CONCRETE DECISION WAS REACHED BUT THE GROUP WAS INCLINED TO SEE A NEUTRAL PERSON. THEY WERE ALSO, OF COURSE, CONCERNED TO IDENTIFY A NEUTRAL SECRETARIAT FOR THE WORK OF THE COMMISSIONS.

8. PROSPECTIVE OUTCOME: SANYAL FORESAW THAT IT WOULD BE UP TO THE MINISTERS WHEN THEY RECONVENED TO DECIDE ON THE MECHANISM FOR IMPLEMENTATION OF ANY DECISIONS EMANATING FROM THE COMMISSIONS. HE SAID IT WAS GENERALLY EXPECTED THAT FINANCIAL MATTERS WOULD MOVE TO THE IMF, AND THAT OTHER INSTITUTIONS ALREADY EXISTED TO DEAL WITH RAW MATERIALS. THE BIG QUESTION REMAINED THE FORUM FOR IMPLEMENTING DECISIONS ON ENERGY. THE OPEC MEMBERS FEARED THAT THE WHOLE APPARATUS OF THE FOUR COMMISSIONS WOULD BE REDUCED TO AN INTERNATIONAL ORGANIZATION SOLELY ON ENERGY.

9. ATMOSPHERE: ACCORDING TO SANYAL THE OPEC MEMBERS HAVE "UNDERGONE A TREMENDOUS CHANGE" IN THAT THEY WERE NO LONGER CONFIDENT OF THEIR POSITION. HE SAID THAT THEY HAD COME TO GENEVA ACTUALLY CONCERNED THAT ONE OF THE LDC CONSUMERS WOULD WALK OUT OF THE MEETING. AS IT TURNED OUT, THE MEETING HAD PROCEEDED WITHOUT FRICTION AND HAD BEEN VERY PRODUCTIVE. (COMMENT: DURING SEPARATE DISCUSSION ON SECRETARY'S UNGA SPEECH, SANYAL EXPRESSED UNABASHED PLEASURE AT SECRETARY'S CRITICISM OF OPEC-DICTATED RISE IN OIL PRICES. ISSUE FOR HIM WAS NOT JUST POSSIBLE FUTURE INCREASE BUT CURRENT LEVEL: "WHAT IS GOING ON TODAY HAS A CRIPPLING EFFECT." THIS VIEW IS FREQUENTLY HEARD FROM OFFICIALS AT THE TECHNICAL LEVEL OF THE GOI. INDEED, INDIA MAY BE THE LDC CONSUMER SANYAL REFERRED TO).

10. PENDING ISSUES: SANYAL FELT THAT ONLY A FEW ISSUES REMAINED WHICH SHOULD BE OF SPECIAL CONCERN TO THE UNITED

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STATES.

A. AGENDA: HE FELT THAT THE TEXT OF THE AGENDA SHOULD BE FULLY AGREED BEFORE THE PREP CON RECONVENES.

B. CHOICE OF NEW MEMBERS: HE FELT THAT THE CHOICE OF THE FIVE ADDITIONAL DEVELOPED COUNTRY MEMBERS AND THE METHOD WHICH THE LDC MEMBERS WOULD USE IN CHOOSING THE 12 ADDITIONAL LDC PARTICIPANTS WOULD NEED CAREFUL CONSIDERATION.

C. VENUE: THE SITE OF THE RECONVENED PREP CON STILL NEEDS TO BE CHOSEN.

D. TIME FRAME: THE INTERVAL BEFORE THE RECONVENING OF THE MINISTERIAL LEVEL MEETING HAS TO BE DECIDED.

E. OBSERVERS: SANYAL REITERATED THAT THE IEA QUESTION
SHOULD BE RESOLVED IN BILATERAL DISCUSSION BETWEEN THE U.S.
AND SAUDI ARABIA AND IRAN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MEETINGS, IMPORTERS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE12042
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750309-0040
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750980/aaaacsmr.tel
Line Count: 174
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 196703
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by BoyleJA>; APPROVED <07 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRODUCER/CONSUMER CONFERENCE
TAGS: ENRG, IN, US, FR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006